

**TECHNICAL-COOPERATION LOAN
PUBLIC POLICY RESEARCH AND DEVELOPMENT NETWORK**

(BR-0175)

EXECUTIVE SUMMARY

BORROWER:	Federative Republic of Brazil
EXECUTING AGENCY:	Instituto de Pesquisa Econômica Aplicada (IPEA) [Applied Economics Research Institute]
AMOUNT AND SOURCE:	IDB: (OC, Single Currency Facility)US\$25,000,000 Federal government:US\$ 6,000,000 Total: US\$31,000,000
FINANCIAL TERMS AND CONDITIONS:	Interest rate:variable Commitment fee:0.75% Inspection and supervision:1% Disbursement period:4 years Amortization period:20 years
OBJECTIVES:	<p>The objective of the program is to boost the capacity of the country's institutions, particularly the IPEA and other economic and statistical research institutes, for the decentralized and participative design, planning, and evaluation of public policies to meet the country's new needs and priorities.</p> <p>The program's specific objectives are to establish, strengthen, and interconnect a network for public policy research and development (the IPEA network). It will be composed of the IPEA, which will act as coordinator, and a number of federal and state institutions, whose basic functions are economic research and planning and the production of socioeconomic data. The network will be supported and fed by data banks, new types of indicators, and the findings of studies and research with the goal of improving public and private sector access to information, while minimizing unnecessary duplication of institutional efforts.</p>
DESCRIPTION:	<p>Three main components have been designed to attain the program's objectives:</p> <p>a. Component I. Creation and interconnection of an</p>

	<p>work, to establish the system, interconnect it with ons, and reorganize existing state-level initiatives nomic research and planning institutions. This des a training program for researchers from the IPEA nstitutions.</p> <p>b. <u>Component II. Improvement of basic economic</u> o update and develop new core data bases on statistics using new statistical sampling methods. will boost the capacity of the Instituto Brasileiro de Estatística [Brazilian Geography and Statistics E) to produce new national statistics and publish them hion.</p> <p>c. <u>Component III. Production and dissemination of</u> es, to strengthen the public policy and economic ppment and analysis capacity that the network will disseminate the results.</p>
ENVIRONMENTAL CLASSIFICATION:	The Environment Committee, at its meeting of December 21, 1995, classified this as a Category II operation.
BENEFITS:	<p>The results of the program are expected to include: (i) a computerized network, coordinated by the IPEA and interconnected with the country's other statistics and economic research institutions, available to the public for consultation; (ii) a substantial improvement in the country's basic statistics provided by the IBGE; (iii) ongoing training programs in key public planning and policy areas to support the technical teams of the institu- tions involved; (iv) modernization and revision of the studies and research plans of the IPEA and the other institutions participating in the network; (v) a fully functioning, continuous program of commu- nications and relations with the mass media; (vi) equipment and trained human resources to enable the IPEA and the other partners to perform their functions under the new decentralized framework for economic research.</p> <p>The public policy research and development network will produce direct and indirect benefits for the private sector. The direct benefits will stem from the generation of information that businesses can use for decision-making regarding investments and production and that the public can use to keep itself informed, which should promote civic participation. The network will also promote broad public access to information by expanding the IPEA's home page services, which can be accessed through the Internet. There is vigorous demand for this service at</p>

	present, as demonstrated by approximately 40,000 consultations thus far in 1996. The program will also make data banks that contain state and municipal information available to national and foreign researchers and Brazilian society in general.
RISKS:	Special precautions were taken in preparing this program, based on the IPEA's and the Bank's previous experience in similar operations. The measures include: (i) centralization of the program in the IPEA to avoid multiple coexecuting agencies; (ii) special care to ensure that the local counterpart funding is available on schedule; (iii) a detailed definition of the work plan for year one as a condition precedent to the first disbursement; (iv) appropriate sizing of the program executing unit; and (v) procedures for the approval of studies and investigations set out in the operating regulations. The country's macroeconomic and political stability also help to reduce the risks of the program.
THE BANK'S COUNTRY STRATEGY:	The Bank's strategy, as agreed upon with the Brazilian authorities, includes three priority areas: (i) reduction in the so-called "Brazil cost" through modernization of the country's productive infrastructure; (ii) reduction in social inequalities and alleviation of poverty through funding for social programs; and (iii) reform of the public sector at the federal, state, and municipal levels. The public policy research and development network was designed keeping in mind the general guidelines of the master plan for government reform and the strategies agreed upon with the authorities for Bank action in this field.
CONTRACTUAL CONDITIONS:	<p>a. Conditions precedent to the first disbursement:</p> <p>(i) Signature of an agreement between the IPEA in which the latter agrees to act as program and undertakes to comply with the terms and conditions of program documents (paragraph 3.3).</p> <p>(ii) Signature of an agreement between the IPEA and the IBGE, in which the latter undertakes to execute the program and to comply with the terms and conditions established in its documents (paragraph 3.12).</p> <p>(iii) Evidence that the program executing unit has been established and staffed (paragraph 3.4).</p> <p>(iv) Evidence that the program's executive board and steering committee have been established and their members appointed.</p>

	<p>3.6).</p> <p>(v) Approval by the Bank of the draft Operating program (paragraph 3.16) and subsequent evidence that ed in effect.</p> <p>(vi) Signature of an agreement between the d the United National Development Program (UNDP), the consulting services and procure equipment for the 3.7).</p> <p>(vii) Presentation of the work plan for the first m, containing a description of the activities to be erms of reference for the consulting services to be ement plan for equipment, and the studies to be ns 2.24 and 3.8).</p> <p>b.Conditions subsequent to signature of the loan</p> <p>(i) Within 12 months after the loan contract has executing agency will present evidence that it has with at least 10 state planning institutions to IPEA network (paragraph 3.11).</p> <p>c. Other contractual conditions</p> <p>The loan contract will also contain the Bank's ses relating to reports, auditing, inspection, contracting, and ex post evaluation.</p>
PROCUREMENT OF GOODS AND AWARDDING OF CONTRACTS FOR CIVIL WORKS AND CONSULTING SERVICES:	<p>Bank procedures will be followed in procuring goods and awarding contracts for services to be financed with the proceeds of the proposed loan. The thresholds for international competitive bidding in this program will be US\$350,000 for goods and related services, and US\$200,000 for consulting services. No works will be contracted under the program.</p>
EXCEPTIONS TO BANK POLICY:	<p>None</p>
POVERTY TARGETING:	<p>Although this operation is expected to have a favorable impact on the low-income population, the program does not directly target this group and therefore is not expected to have direct benefits in terms of paragraph 2.15(b) of the Eighth Replenishment document.</p>